

# A Study on Impact of Globalization on Human Resources Management

**Dr.K.Ananthan, M.Com (CA), MPhil., B.Ed., PhD., NET**

*Assistant Professor PG Department of Commerce  
Government Arts and Science College, Sivakasi*

## OPEN ACCESS

Volume : 7

Special Issue : 1

Month : February

Year: 2019

ISSN: 2320-4168

Impact Factor: 4.118

Citation:

Ananthan, K.

“A Study on Impact of Globalization on Human Resources Management.” *Shanlax International Journal of Commerce*, vol. 7, no. S1, 2019, pp. 71–79.

DOI:

<https://doi.org/10.5281/zenodo.2552216>

## Abstract

*The pace of globalization is increasing continuously in terms of markets for goods and services, investment and business opportunities within one or more organizations. This transformation caused by globalization affects all the department in an organization in which human resource management is not left out in this transformation crusade as it has obligation to move along with the changing demands of the globalization process. This paper examines the impact of the workforce on Human Resource Management either locally or internationally also it revealed the various factors driving globalization in the workforce and the issues and challenges that confront the Human Resource Management in the global markets, and also the benefits of globalization Human Resource Information System (HRIS) to the Human Resource (HR) department. The roles and responsibilities of Human Resources departments are transforming as the modern business faces pressures of globalization. The global supply of talent is short of its long-term demand, and the gap is a challenge for employers everywhere. The shortage between the demand and supply of talent is likely to continue to increase, notably for high skilled workers and for the next generation of business executives. Now organizations need to place greater emphasis on attracting human capital rather than financial capital. Global staffing and management of a workforce diverse in culture and language skills, and dispersed in different nations are the key goals of global human resources. Only those multinational enterprises willing to adapt their human resource practices to the changing global labor market conditions will be able to attract and retain high performing employees. Companies with the ability to foresee their business needs and their workforce needs – especially for high skills – will gain the decisive competitive advantage. Where he headed the researcher to determine the effect of these changes that are called in general globalization and that this paper is considered as steps preliminary in-depth study explains what are the actual effects provided by globalization on human resources management, as this paper is generally focused on human resources in global organizations, European and Arab have It showed the following:*

- The research paper showed the effects of technological, economic, political, cultural
- Explained paper the implications of the new management thought on human resources management
- Confined to the presence of multinational companies in a few Arab countries. This adversely affects the transfer of modern technology and the rapid development of administrative countries where there are no multinational companies.

**Keywords:** Human Resource Management, Globalization, Data Analytics.

## **Introduction**

The historical development of the phenomenon of globalization Narrating the history of the evolution of human societies may contribute to our understanding of the concept of globalization and uncover the truth of its misconceptions. Animal domestication and agriculture adoption changed the lifestyle of human beings. When people started growing animals and practicing agriculture, they started living in clusters or small communities most of the time with familial relations.

As development continued, these communities started what is now known as feudalism (farm owners). These social, economic and political developments have increased after the discovery of the new world. Innovation of the first industrial machines was a turning point in the history of humanity. With this invention, the humanity entered in a new phase: the industrial phase (Industrial Revolution). This stage represents the beginnings of social modernization in developed societies. Political and social modernization started spreading all over the world particularly after the development of the means of communication and transport. The Development and the complexity of human societies did not stop at this point although there were some thinkers who thought that this stage (modern capitalism) of evolution represents the end of the historical dynamicity experienced by human societies throughout its long history. One of these thinkers is the Japanese Fukuyama. However, the development increased in greater degrees than had been expected by some in several fields, including communications, transportation and scientific research, genetics, astronomy, technical industries and in the field of robotics industry (Android) ... etc. The methods of using power developed also which resulted in the change in the economic and political and social structures of the components of those communities as we see in the world today.

## **Research Problem**

Have the role and the concept of human resource management changed in the age of globalization and what is the impact of globalization on it?

## **Hypotheses**

- The role and the concept of human resources have kept pace with global changes such as facing competition and the development of human resources in accordance with this development.
- There is a clear impact of globalization on human resources management negatively and positively.

## **Objectives of the Paper**

- To understand the global developments and the needs of human resources to keep pace with these changes.
- To understand the negative and positive implications and changes on human resources.

## **Research Methodology**

- Descriptive approach: in order to describe, interpret and analyze the search results

## **Economic Globalization Can be Simply Defined as Follows**

1. The flow of goods and services through the activities of exports and imports, which accounted for a large proportion of the income for the various States
2. The flow of capital through various forms of direct and indirect investment
3. Flow of human resources: individuals and labor Flow of technology and management, knowledge and communication systems.

And it can be said that the countries where these four economic flows are more are considered the more affected by economic globalization (Silear,M.,2013)

## **Most of the Writers agree that there are Basic Elements that they Believe they Led to the Emergence of Globalization, Namely**

**Emancipation of International Trade:** it means the integration of developed and developing economies in a single global market, open to all economic powers in the world and subject to the principle of free competition.

**The Flow the Foreign Direct Investment:** significant developments have taken place in recent years such as the emergence of various, innovative and financial tools and products, in addition to computer systems and means of communication, which ensured the rapid spread of these products, and the traditional banking activities turned to comprehensive banking, largely dependent on revenue from commissions earned from investment transactions from off-balance. It is due to two main reasons:

- Freeing the global money markets of restrictions.
- Global revolution in communications caused by means of modern technology. (Yamao.,S.,Sekiguchi.,T.,2014)
- Cognitive revolution: this is the scientific and technological progress, which is a prominent feature of the current era. This scientific development made the world more integrated, and made the movement money, goods and services easier, and to some extent the movement of people, and then came the phenomenon of globalization. It is worth mentioning that the IT industry is concentrated in a limited number of developed or industrialized countries.

Having learned about the concept of globalization in general, we must focus our attention on the application of this concept to personnel (human resources) and private employees in global companies that operate in our countries and which must be staffed by three types of workers

1. The members from the host country.
2. Members from the homeland of companies.
3. Members from a third country. (Blomend.,R.,2013)

Each of these has his own attributes, skills and capabilities with regard to globalization.

## **The Effects of Globalization**

The first international trading system emerged in 1995, when the creation of the World Trade Organization (w.t.o) was announced in, Marrakech, Morocco. It is an extension of GATT. This organization represents one of the pillars of the new global economic system, and that specializes in the management, control and correcting the performance of trade relations. It will be a catalyst to the World Bank and the International Monetary Fund for the implementation and approval of the new global economic order. Globalization was support by signing - in February 1997 in Geneva, Switzerland-the first international agreement on the liberalization of advanced service-exchanges, particularly what is known as the “information technology” or the communications revolution. (Silear,M.,2013).

The effects of globalization on the various institutions and structures and mechanisms of contemporary societies and those effects are as follows:

- Dropping of the concepts, values and principles - and methods - that prevailed before globalization, and the emergence of a new set of concepts that make the whole “world,” an expected and feasible place for trading.
- The collapse of the concept of “time” where the three tenses—the past, the present and the future—are overlapped, thanks to the high technology available. The concept of “time” has been turned from being a restrain to being a resource. The concept of stability has also collapsed and change is the only stable order.

- Transformation of the meaning of the order from a fixed entity closed to itself to an open and educated entity dealing on the basis of the external environment. The emergence of competition as a decisive factor in determining what the organization can get in the market. Hence the importance of the companies to rely on competitive capacities which reflect the specifications that it has and excel by them on their competitors, and through which they achieve the highest benefits to the customers and other stake holders. And thus succeed in obtaining a featured place in the market and continue to enjoy it as long as it maintains the values and renewable methods that suit and deal effectively with new and constantly changing circumstances [ new thinking for a new world. ] (Yamao.,S.,Sekiguchi.,T.,2014).
- The collapse of the established relationships between the countries, organizations and institutions at the regional and local levels, where the standards of “citizenship” decrease and instead prevail standards that exceed the borders of one nation. The possibilities of support and protection and isolationism opportunities which prevailed the relations and dealing between the one state organizations before globalization decrease. The transformation of the concept of “space” or “range” to which the local organizations has used and replaced by the whole world as an area a possible space for the activates of organization. The contemporary information technology of the Internet World Wide Web has helped in the embodiment of this capability for organizations of every type and size in dealing with the global market efficiently which was impossible years ago except for giant organizations.

The reflections of the new management thought on human resources management:

The global intellectual transformations had a drastic effect on the concepts and techniques of modern management which in turn affected the concepts on human resources management. The most important of these effects are as follows: -

- The change of the perception of the human resources management from being a procedural work on the implementation of policies and staff systems, to a strategic function dealing with the most important resources of the organization and intertwined with goals the overall and strategies.
- Transforming the concept of human resources management from concentrating on problems of polarization and employment of workers according to the needs of the various executive departments to the preoccupation in a more importance and vital issue that is performance management to achieve higher productivity and improve efficiency and effectiveness.
- Increasing the level of those in charge of human resources management work to the rank of senior management, the function of human resources management has become in many organizations similar to marketing and finance management.
- Integrating the ideas and techniques of managing diversity in human resources management philosophy to deal efficiently with the various types of workers in organizations aiming at globalization. (Silear,M.,2013)
- Deployment in search operations and polarization to the global labor market and not to stand in the local market in search of the best staff and the most capable to achieve the organization’s goals.
- Considering human resources management functions as an integrated and interdependent processes, and not independent and disconnected procedures. And thus the possibility of investing the information and experiences emerging from some of the processes in the development and improvement of the efficiency of other operations

## Information Effects In Human Resources Management

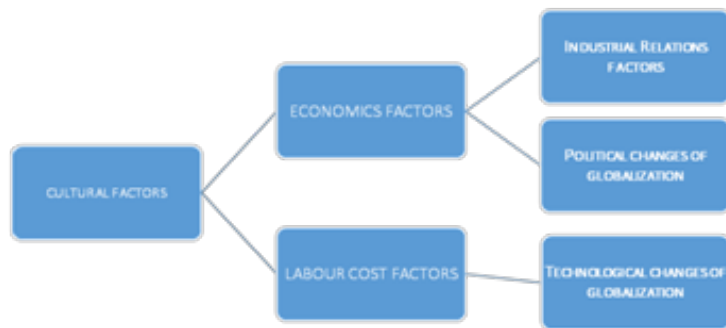
The information revolution has produced an enormous impact in the thought and the logic of human resource management which can be summarized as follows:

The discovery of the importance of resources of internal knowledge of individuals with competencies and capabilities employed in distinct types of activities represent one of the most important sources of wealth production in the contemporary organization. These resources include those who intellectual work in the organizations such as researchers in areas of marketing research and researches of product development, and planners specialized in the preparation of plans and programs, budgets, and marketing specialist, public relations experts and advertising, and propaganda and sales development, designers for products , and workers in HR such as trainers and human relations expert , and workers groups in new areas such as information analysts and computer programmers and specialists in international affairs working in the graphic globalization programs for organizations and others who are engaged in what is called cognitive activities in one way or another, they have become an increasingly percentage in the value chain of any organization. ( Yamao.,S.,Sekiguchi.,T.,2014)

The discovery of the importance of external sources of knowledge that management can take advantage of the intellect and knowledge available to them for a better understanding of the circumstances surrounding and the detection of ways of development and innovation of the best tools and mechanisms for investing the opportunities available or to create opportunities that are compatible with the interests of the administration. These include the customers, and suppliers, distributors and many other communities related to the affairs of the organization and its operations directly or indirectly, and even competitors. All of them have the “knowledge” that is ideas, concepts, experiences, values, beliefs, and techniques not available to the organization, and which can not be obtained through their own efforts. Access to this knowledge is an addition to the knowledge of the management which is used in the development of their capacity to reach its goals. This is how the human resources management started in the development of methods of recruitment and selection so that it can get the most knowledgeable individuals, as well as working to develop the means of opening up of members of the organization to foreign sources of knowledge through serious and planned participation in the events related such as conferences, seminars and workshops, visiting local and international shows and events which present innovations, and through which renewed information can be accumulated.

Realizing an important fact, which is that knowledge develops, and that every era of its knowledge, and then, what is achieved for the management of knowledge should be reflected on the organization so that it reshapes it and rearrange its positions to suit the modern age, and therefore administration discovers a more important fact that is the phenomenon organizational learning, in the sense that knowledge resulting from the organization’s interaction with its environment, and the results of dealing with markets, customers and competitors. (Blomend.,R.,2013).

The important point here is that the human resources management in global companies - Multi-National - will become increasingly complex because of the need to adaptation despite the country-specific differences in which it wished to establish new branches. The most important of these differences are:



### 1. Cultural Factors

The emergence of links and bridges and analytical tools whose main task is to find crossings to spread the world's cultural knowledge around the globe. The emergence of the national culture in the form of faint powerless image at the same time in which the culture of globalization appears in bright colors and able to provide all that is required. Renouncement of the weak states of their culture for the benefit of global culture.

### 2. Economic Factors

Openness of the markets of all countries in the world on each other. Modernization and development of the production structure in the developed market economies. Crack of production systems in the economies of countries of central planning and its transition to market economies. The increasing role played by competitive advantages in changing the concept of development and the mechanisms of achieving it. Unprecedented integration movement and economic agglomeration in order to gain economies of scale and achieving unprecedented savings entitles the project to work on so widely increasing day by day. Goods, services and ideas of extensive use produced significant economic sizes. (Silear, M., 2013) Use of instant marketing systems at all levels, especially with the proliferation of e-commerce systems, and distant purchasing and dealing. The use of payment systems and new financing systems which have super fast conversion capacity and spread globally. The uses of effective human investment systems based on the search for the elites who have faculties and talents and who are capable of innovation and improvement and the creation and discovery of opportunities and invest and take advantage of them. The road became paved now to create a single global market. The emergence of economic differences between countries in the practice of human resources management. In a free economy organizations, policies of human resources management focus on efficiency and productivity and reduction of labor. But the Arab regimes, which still follow the socialist system, tend in human resources management policy to maintain employment even at the cost of efficiency or effectiveness. (Blomend., R., 2013)

### 3. Labor Cost Factors

The differences in labor costs between the countries affect the exercise of human resources management, where this cost vary between countries. In Mexico, the cost of hourly labor productivity is (\$1.51), in Taiwan (\$5.82) and England (\$13.17) and America (\$14.20) and Germany (\$31.88). And there are another type of costs which must be taken into consideration, that is the variety in the number of annual working hours from one country to another. In Portugal the total number of annual working hours is around (1980) hours, while in Germany (1648) hours, and so on for the holidays as well. (Yamao., S., Sekiguchi., T., 2014)



#### 4. Industrial Relations Factors

Industrial Relations between the worker and the union and the employer vary from country to country. In Germany a worker has the right to contribute to the development of the company's policy and thus the worker becomes a deputy chairman of the board, and there are countries where governments interfere in regulating the relationship between the workers and the union or setting wages and benefits policies through negotiations with the trade unions.

#### 5. Political Changes of Globalization

Freedom in all senses freedom of thought, freedom of belief and freedom of representation and elections, freedom of access to information and data, and freedom of private life as free democracy is a necessity for a decent life in the world as a whole. Upgrading of humanity of people and the rejection of deception and treachery. (Jarkl, A., 2012) The establishment of a new model of values that elevates man and raises his entity and stirs the desires of the natural goodness and desires of the love of life.

#### 6. Technological Changes of Globalization

The growing of technology in general and in communications in particular so that it became a super-capacity and dense in deployment and easy to use. Encouraging the global technological system for innovation and further development and improvement.

#### Effects of Globalization can also be Seen in

- Globalization of productive activity where it became impossible for any firm be away from global influences in the production of goods or the provision of services or industry of ideas.
- Globalization of financial activity and the integration of exchange and financial markets to each other and their tendency to the concentration and proliferation and expansion, control, and domination.
- Globalization of decision-making centers and the exchange between of these centers between global powers. Changing the global infrastructures and widening its concept to include new relations that were not known before.
- The free movement of goods, services and ideas and exchanging them without barriers or boundaries between the countries. Freedom of transportation and investment of all the factors of production from such as labor, capital, management etc between nations.
- The whole world turned into a small global village by the stream of information. The appearance of influence and the power of multinational corporations as international superpowers. The emergence of new, independent mechanisms which carry out functions that were limited to states.
- The problems emerge when there is a conflict between culture and laws, between the original and the host country of the company. For example, the presence of sexual discrimination between the employment of men and women and the prohibition of their mixing in the workplace in Saudi Arabia. And so the American firms can not send their women managers to work in this country for fear of exposing them to unequal treatment of their male counterpart staff. So multinational companies have to determine the power sources operating with greater accuracy and including it in its plan before they choose workers from their country of origin or the host state for international business (investments) (Jarkl, A., 2012) and that is what increases the unemployment in Arab countries.

#### Recommendations

1. In light of the above explanation and analysis we can list some recommendations which would develop human resource management in organizations and various authorities,

whether governmental or private in the age of globalization. So it can be stressed that in the face of these challenges reality has to be studied and analyzed and to determine the requirements of next phase of the human resources, and the formulation of clear goals and a realistic and ambitious strategy that take into account the following:

2. Working on finding new projects dependant on labor programs for workforce, and working to replace foreign workers by Arab labor in various fields.
3. The establishment of centers for information technology whose aim is to educate and train local workforce and to ensure the rehabilitation of a national cadre capable of dealing with modern technology and evaluating the career path in order to help the unemployed to acquire skills in accordance with the market needs
4. Involvement of the private sector to prepare studies in areas where investments will be used.
5. Establishment of centers to study the phenomena of unemployment and poverty, manpower and human development imbalances and to provide consensus solutions and possible treatments for these phenomena
6. Encouraging foreign and domestic investment and joint investment in vital sectors.
7. Holding meetings and seminars that include economists and traders to study the phenomenon of globalization in deep, and the development of plans and economic programs that support the establishment of the common market and local markets to ensure its progress and success.
8. Setting up ongoing training plans that work to continuously provide and develop workers to allow them to keep pace with new developments.
9. Early identification of imbalances and weaknesses in the performance of human resources to overcome them, and promote the strength and excellence points.
10. To work to support civil society and pushing it to be more effective, and working to increase the participation of marginalized individuals.
11. Revisiting the productive environment and the success factors of quality, reducing costs, and developing global standards that do not rely solely on the effectiveness or the ability of the economy but also on social responsibility.
12. Encouraging public and private investment in infrastructure and service to absorb unemployment and the expansion of the Interior and the common market.
13. Limiting the powers of the WTO and to make sure that its regulations are fair and appropriate for all Member States, and the development of guidance to curb unbridled intercontinental companies and reduce their control.
14. The human resources requirements of education and training are directly related to the general strategy of the state. Logically, partial strategies sub-plans do not make sense without an overall strategy, and to developed this strategy—because globalization is a reality—it is necessary to restructure the education and training systems to meet the needs of the market with specialized workforce and to response to rapid technical developments in the quality and quantity of human resources required.
15. Revisiting the regulations relating to education and training for the decentralization of the decisions taken for the development of plans and programs of education and training to increase flexibility and adapt to the rapid development and ease the slow pace of related decision-making.
16. Development of the perception of training as a strategy, a continuous process for the development of human resources.
17. The need to have the training skills and developing them, taking into account the possibility of the acquisition of skills available to each person in any society, and that such skills can be inherited, and that they only need the right environment to discover and exploit them.



18. Training is inevitable and necessary. Acquisition of basic skills may be enough in most cases to the labor-intensive industries, but there is always a need for specialized training in complex industries for the rehabilitation of the skills of workers with the qualities that fit the work assigned to them.
19. Working on updating the training programs to sharpen the skills required in accordance with modern technology.
20. Learning languages, especially English language as a basis for the trainee and the trainer so that they can understand and absorb the technology and this must be done in parallel with the educational and training curriculum development and which are prepared to interact with the new technology.
21. Adopting and developing the productive efficiency of workers through total quality management.
22. Focusing on the selection of executive, modern, creative and effective administrative leadership that believes in the importance of time, the value of the quality, value of perfection, the value of teamwork, the value of competition and the value of the broad and deep faith in the capabilities of immeasurable of humans human resources (and the value of faith in the universality of science and knowledge and science of modern management and the science of human resources) Marketing ; as the success or failure of organizations depends mainly on leadership skills in managing their organizations
23. Inviting the various departments to adopt a flexible structural system to keep pace with technological changes and changing work styles to suit these changes and developments.

## References

- Almoikan, M, Modern global developments, 2012.
- Blomend, R, The effectiveness of new technologies and their impact on human resources case study of multinational organizations, 2013.
- Jarkl, A, The impact of globalization on human resources, 2012.
- Silear, M, Modern administrative developments in the face of this recent global changes, 2013.
- Tharwat, M, The impact of globalization on our lives as poor, 2014.
- Yamao, S & Sekiguchi, T, "Employee Commitment to Corporate Globalization", *Journal of World Business*, 2014.
- Yasin, K, The Human Resources in future, 2010.